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September 14, 2018

Ex Parte Notice

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: *Updating the Inter-carrier Compensation Regime to Eliminate Access Arbitrage, WC Docket No. 18-155.*

Dear Ms. Dortch,

On September 12, 2018, Philip Bowie and Keith Krom (in person) and Debbi Waldbaum, Adam Panagia, Hal Thompson and Jack Habiak (telephonically) and the undersigned, all of AT&T, met with Lisa Hone, Pamela Arluk, Edward Krachmer, Lynne Engledow, Gregory Capobianco, Shane Taylor and Al Lewis of the Wireline Competition Bureau. During the meeting, AT&T discussed the urgent need for the Commission to adopt the industry proposal as presented in the subject Notice of Proposed Rulemaking (NPRM).

After thorough and lengthy development, industry coalesced around and presented an efficient and unified proposal that would shift the financial obligation for transport and termination of access stimulation traffic to the local exchange carrier engaged in access stimulation. AT&T confirmed that this proposed rule, which enjoys unanimity among the major industry marketplace providers who consistently combat arbitrage, remains the best possible course of action for the FCC to take.

Further, AT&T reiterated that the Commission's 'second prong' direct connect proposal would be harmful, counter-productive and detrimental to Commission efforts to combat arbitrage. The 'second prong' would make IXC's responsible for costs associated with establishing direct interconnection and the delivery of access stimulation traffic and will not be an effective measure to stop the abuse or bring discipline to the market. In addition, the proposed rule would allow those engaged in arbitrage to increase gamesmanship opportunities by, among other actions, potentially forcing IXC's to build out or lease direct connection facilities to costly, distant locations, only to have the traffic shift to another location or carrier overnight, stranding substantial investment that cannot be repurposed. Any efforts that allow the access stimulators to control the environment harms consumers. Should the Commission adopt the "second prong", it should be modified to require access stimulators to bear the full cost for direct interconnection arrangements. The Commission should also reject any attempts to force additional, needless cost and expenses that could be imposed by access stimulators.

AT&T also noted that any suggestion by commenters that any incentive exists for IXC's, including AT&T, to establish revenue sharing arrangements with current access stimulation



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LECs if the Commission were to shift responsibility for access charges to such LECs is simply unfounded, and in fact, absurd. Unlike current schemes where carriers are forced to pay termination charges because there is no choice for routing to the access stimulating LEC, IXC's cannot do the same since they are not terminating monopolies; the market for wholesale long distance transport services is highly competitive. The current market environment and traditional carriers' shifts to focus on the new realities of serving telecommunications customers makes irrational any suggestion that IXC's would look to expand into a fleeting arbitrage opportunity rather than focus on new technologies and long-term opportunities.

AT&T continues to reiterate its support for broader intercarrier compensation reform, including a nationwide move to bill and keep for switched access traffic, and looks forward to working with the Commission to accomplish these pro-consumer goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Matt Nodine", with a horizontal line drawn through it.

Matt Nodine

AT&T Services Inc.

Cc: Lisa Hone
Pamela Arluk
Joseph Price
Edward Krachmer
Al Lewis
Gregory Capobianco
Lynne Engledow
Shane Taylor